



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
CRITTENDEN COUNTY CLERK**

Calendar Year 1998

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Victor P. Hardin, County Judge/Executive
Honorable Danny Byford, Crittenden County Clerk
Members of the Crittenden County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Crittenden County, Kentucky, for the year ended December 31, 1998. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 1998, in conformity with the basis of accounting described above.

Our audit was made for the purpose of forming an opinion on the financial statement taken as a whole. The schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly presented in all material respects in relation to the financial statement taken as a whole.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
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Honorable Danny Byford, Crittenden County Clerk
Members of the Crittenden County Fiscal Court

Based on the results of our audit, we have presented a schedule of Comments and Recommendations, included herein, which discusses the following areas of noncompliance:

- The County Clerk Should Deposit All Receipts Intact Daily In His Official Bank Account
- The County Clerk's Salary Should Be Paid On A Monthly Basis
- The County Clerk's Expense Allowance Should Be Paid On A Monthly Basis
- A Deficit Of \$9,524 Should Not Have Existed In The County Clerk's Official Bank Account As Of December 31, 1998

In accordance with Government Auditing Standards, we have also issued a report dated May 10, 1999, on our consideration of the County Clerk's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 10, 1999

CRITTENDEN COUNTY
DANNY BYFORD, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1998

Receipts

State Grant:

Library and Archives Grant	\$	3,050
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State Fees For Services		4,545
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Fiscal Court		6,606
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Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	204,488
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Usage Tax		505,874
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Tangible Personal Property Tax		471,198
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Licenses-

Fish and Game		10,793
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Marriage		3,519
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Occupational		76
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Dog Tags		795
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Deed Transfer Tax		22,947
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Delinquent Tax	10,698	1,230,388
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Fees Collected for Services:

Recordings-

Deeds, Easements and Contracts	\$	8,008
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Real Estate Mortgages		10,104
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Chattel Mortgages and Financing Statements		33,300
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All Other Recordings		10,863
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Charges for Other Services-

Copywork	2,353	64,628
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Interest Earned		853
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Miscellaneous		57
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Gross Receipts (Carried Forward)	\$	1,310,127
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CRITTENDEN COUNTY
DANNY BYFORD, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 1998
(Continued)

Gross Receipts (Brought Forward) \$ 1,310,127

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 156,971

Usage Tax 490,666

Tangible Personal Property Tax 174,905

Licenses-

Fish and Game 10,679

Delinquent Tax 1,569

Legal Process Tax 10,193 \$ 844,983

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 59,656

Delinquent Tax 1,740

Deed Transfer Tax 22,031

Occupational Licenses 59 83,486

Payments to Other Districts:

Tangible Personal Property Tax \$ 215,783

Delinquent Tax 4,436 220,219

Payments to Sheriff 499

Payments to County Attorney 1,782

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies Salaries \$ 74,842

Contracted Services-

Printing and Binding 77

Supplies and Materials-

Office Supplies 3,054

CRITTENDEN COUNTY
DANNY BYFORD, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 1998
(Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay:
(Continued)

Grants-			
Library and Archives Grant	\$	3,050	
Other Charges-			
Conventions and Travel		142	
Dog License		751	
Dues		200	
Postage		2,750	
Equipment Repairs		223	
Miscellaneous		1,092	
Refunds		1,870	
Bad Debt Expense		86	
Capital Outlay-			
Office Equipment		<u>5,027</u>	<u>\$ 93,164</u>
Total Disbursements			<u>\$ 1,244,133</u>
Net Receipts			\$ 65,994
Less: Statutory Maximum			<u>48,726</u>
Excess Fees			\$ 17,268
Less: Expense Allowance			<u>3,600</u>
Excess Fees Due County for Calendar Year 1998			\$ 13,668
Payments to County Treasurer:			
April 8, 1999	\$	13,588	
April 12, 1999		<u>80</u>	<u>13,668</u>
Balance Due County at Completion of Audit			<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement.

CRITTENDEN COUNTY
NOTES TO FINANCIAL STATEMENT

Calendar Year 1998

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year. A schedule of excess of liabilities over assets is included in this report as a supplemental schedule.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

CRITTENDEN COUNTY
NOTES TO FINANCIAL STATEMENT
Calendar Year 1998
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The County Clerk met the requirements stated above, and as of December 31, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$3,050. All funds were expended during calendar year 1998.

CRITTENDEN COUNTY
DANNY BYFORD, COUNTY CLERK
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS

As of December 31, 1998

Assets

Cash in Bank	\$ 31,849
Deposits in Transit	10,710
Accounts Receivable	67
Change Fund	<u>200</u>
Total Assets	<u>\$ 42,826</u>

Liabilities

Paid Obligations:

Outstanding Checks	\$ 3,126
Change Fund	200

Obligations Paid After December 31, 1998:

State Treasurer-

Motor Vehicle Licenses	\$ 4,099
Tangible Personal Property Tax	10,526
Fish and Game Licenses	76
Legal Process Tax	739

Crittenden County-

Tangible Personal Property Tax	2,592
Deed Transfer Tax	660
Dog License	409
Excess Fees - 1998	13,668

Other-

Tangible Personal Property Tax	
Extension District	523
Library District	1,045
School District	11,307
City of Marion	1,778
Refunds	9
Supplies	629
Miscellaneous	178
Occupational Licenses	16
Withholdings	<u>770</u>
	<u>49,024</u>

Total Liabilities	<u>\$ 52,350</u>
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Total Fund Deficit as of December 31, 1998	<u><u>\$ (9,524)</u></u>
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The County Clerk made a personal deposit, April 8, 1999, to eliminate this deficit.

CRITTENDEN COUNTY
DANNY BYFORD, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS

Calendar Year 1998

STATE LAWS AND REGULATIONS:

1) The County Clerk Should Deposit All Receipts Intact Daily In His Official Bank Account

The Auditor of Public Accounts, under the authority of KRS 43.075 and 45 KAR 1:070, established minimum accounting requirements, which include depositing receipts intact on a daily basis and reconciling receipts to a daily check out sheet.

During the course of the audit of the Crittenden County Clerk for calendar year 1998, the auditors determined that the County Clerk had an unusually large number of deposits in transit at various times during the calendar year. A number of these deposits were in transit for an inordinately long period of time before being deposited to the County Clerk's official fee bank account.

We traced receipts as posted in the County Clerk's receipts ledger for each business day in calendar year 1998 to the daily check out sheets, the bank deposits, and bank statements. This procedure revealed a total of 80 deposits totaling \$344,977.03, which did not clear the bank for at least 7 business days. Included in the amount were the receipts from January 5, 1998, in the amount of \$9,770.09, which were not deposited until June 10, 1998, for a time lapse of 113 business days between the date of receipt and the date of deposit. The average of the 80 deposits was \$4,312.21, and the average approximate time lapse between the receipt and the deposit to the official bank account was approximately 16 business days.

We also examined the 1999 fee account, specifically to trace receipts as posted in the County Clerk's receipts ledger. This examination included the receipts for the period of January through March 1999. The auditors traced the daily receipts to the daily check out sheets, the bank deposits, and bank statements. This procedure revealed that the daily deposit for January 4, 1999, in the amount of \$14,977.61, did not clear the 1999 official bank account until May 3, 1999, for a time lapse of 86 business days.

As evidenced from the facts set forth, the Crittenden County Clerk did not deposit all monies collected by his office in a timely fashion, and the Crittenden County Clerk has engaged in the practice of "lapping" in which receipts of a following day or period are used to cover moneys not deposited on a previous day or period. In addition, had the Crittenden County Clerk deposited the daily receipts on a timely basis, additional interest income could have been earned, which would have increased excess fees payable to the Crittenden County Fiscal Court from the Crittenden County Clerk for calendar year 1998.

We recommend the County Clerk follow procedures as set forth in 45 KAR 1.070 by preparing a daily check out sheet for each day's receipts, posting the receipts to the receipts ledger, and depositing all moneys in the official bank account on the next banking day.

The following schedule summarizes the 80 deposits during calendar year 1998 having a time lapse of at least 7 business days between the date of receipt and the date of bank deposits to the official bank account:

CRITTENDEN COUNTY
DANNY BYFORD, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
Calendar Year 1998
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

1) The County Clerk Should Deposit All Receipts Intact Daily In His Official Bank Account (Continued)

<u>Amount Of Receipt</u>	<u>Date Of Receipt</u>	<u>Date Of Deposit</u>	<u>Approximate Time Lapse (Days)</u>
\$ 4,377.46	01/31/98	02/10/98	7
2,004.59	02/10/98	02/18/98	7
2,750.96	04/25/98	05/05/98	7
3,391.62	05/28/98	06/05/98	7
8,165.20	07/06/98	07/14/98	7
4,555.57	09/11/98	09/21/98	7
2,858.50	10/22/98	10/31/98	7
10,043.71	12/28/98	01/05/99	7
6,887.71	01/30/98	02/10/98	8
3,458.48	04/24/98	05/05/98	8
2,164.04	05/27/98	06/05/98	8
6,036.02	10/08/98	10/19/98	8
930.20	10/21/98	10/31/98	8
4,363.77	11/05/98	11/16/98	8
4,915.89	11/12/98	11/23/98	8
5,093.18	11/20/98	12/01/98	8
4,861.25	12/21/98	12/30/98	8
4,861.08	04/23/98	05/05/98	9
5,331.14	05/26/98	06/05/98	9
6,792.29	07/02/98	07/14/98	9
5,998.52	10/01/98	10/13/98	9
3,421.96	10/20/98	10/30/98	9
2,314.10	11/04/98	11/16/98	9
7,785.39	12/18/98	12/30/98	9
2,973.83	02/04/98	02/17/98	10
4,834.02	02/07/98	02/20/98	10
4,160.62	02/09/98	02/20/98	10
985.76	04/22/98	05/05/98	10
40.00	05/25/98	06/05/98	10
6,517.49	07/17/98	07/30/98	10
3,301.07	09/01/98	09/14/98	10
3,450.83	11/03/98	11/16/98	10
4,151.71	11/10/98	11/23/98	10
5,346.42	02/06/98	02/20/98	11
2,147.47	03/07/98	03/23/98	11
5,301.03	04/21/98	05/05/98	11
6,122.93	05/22/98	06/05/98	11
6,909.45	10/30/98	11/13/98	11

CRITTENDEN COUNTY
DANNY BYFORD, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
CALENDAR YEAR 1998

(Continued)

STATE LAWS AND REGULATIONS: (Continued)

1) The County Clerk Should Deposit All Receipts Intact Daily In His Official Bank Account (Continued)

Amount Of Receipt	Date Of Receipt	Date Of Deposit	Approximate Time Lapse (Days)
\$ 4,092.98	11/02/98	11/16/98	11
3,027.67	11/09/98	11/23/98	11
4,398.93	02/05/98	02/20/98	12
4,056.87	03/05/98	03/21/98	12
8,264.30	04/20/98	05/05/98	12
2,766.07	09/03/98	09/18/98	12
4,684.74	10/15/98	10/31/98	12
3,046.08	11/16/98	12/01/98	12
8,087.50	02/02/98	02/18/98	13
1,211.04	09/02/98	09/18/98	13
5,059.85	03/04/98	03/23/98	14
3,033.98	05/19/98	06/05/98	14
4,611.13	06/04/98	06/23/98	14
2,969.57	07/01/98	07/20/98	14
4,160.63	03/03/98	03/23/98	15
1,561.25	12/09/98	12/29/98	15
2,357.99	12/10/98	12/30/98	15
5,359.78	03/02/98	03/23/98	16
3,314.62	06/23/98	07/14/98	16
3,932.26	02/19/98	03/13/98	17
3,261.24	12/05/98	12/29/98	17
2,836.06	12/08/98	12/30/98	17
3,344.79	12/04/98	12/29/98	18
4,989.96	12/07/98	12/30/98	18
2,071.14	01/14/98	02/10/98	20
3,651.52	10/05/98	10/31/98	20
6,453.81	12/01/98	12/29/98	21
4,871.62	01/12/98	02/10/98	22
2,150.38	05/06/98	06/06/98	23
1,867.79	01/10/98	02/14/98	25
2,441.23	10/09/98	11/12/98	25
3,454.23	01/09/98	02/14/98	26
9,428.88	05/01/98	06/06/98	26
4,009.03	05/04/98	06/08/98	26
2,919.36	05/02/98	06/09/98	27
5,193.95	02/03/98	03/14/98	29
7,866.74	06/09/98	07/18/98	29
2,563.77	10/03/98	11/12/98	29

CRITTENDEN COUNTY
DANNY BYFORD, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
Calendar Year 1998
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

1) The County Clerk Should Deposit All Receipts Intact Daily In His Official Bank Account (Continued)

<u>Amount Of Receipt</u>	<u>Date Of Receipt</u>	<u>Date Of Deposit</u>	<u>Approximate Time Lapse (Days)</u>
\$ 3,312.48	10/02/98	11/12/98	30
4,339.07	03/06/98	05/05/98	43
4,577.39	03/12/98	06/23/98	74
9,770.09	01/05/98	06/10/98	113
<u>\$ 344,977.03</u>			<u>1,284</u>

Management's Response:

Not aware that their [sic] was that many late deposits.

2) The County Clerk's Salary Should Be Paid On A Monthly Basis

The salary of the County Clerk is established by KRS 64.535, which states that the County Clerk shall receive a maximum monthly salary of one-twelfth (1/12) of the statutory maximum each month. KRS 64.850 states, "It shall be unlawful for any county official to deposit public funds with individual or private funds in any bank or other depository or for any such official to withdraw public funds for any purpose other than that for which they were received and deposited." In 1998, the County Clerk should have received a maximum monthly salary in the amount of \$4,060.51. During June, July, and August of 1998, the Clerk received \$25,317.34 of net pay, which represented advance salary payments for the remainder of calendar year 1998, plus a net salary overpayment in the amount of \$9,591.20. The salary overpayment was repaid by the County Clerk on April 8, 1999. In addition, it was determined that the County Clerk cashed paychecks issued to himself and to the employees of the office from his official bank account. We recommend the County Clerk limit his salary payments to one-twelfth (1/12) of the statutory maximum each month as prescribed by KRS 64.535 and KRS 64.850. In addition, payroll checks should not be cashed from the County Clerk's official bank account.

Management's Response:

Was not aware that this was a problem and will make sure that this will not reoccur. Will correct.

3) The County Clerk's Expense Allowance Should Be Paid On A Monthly Basis

The County Clerk's expense allowance as established by KRS 64.017 in the amount of \$3,600.00 per year should be paid in equal monthly installments of \$300.00. In July 1998, the County Clerk received expense allowance payments in the amount of \$1,256.35, which represented advance expense allowance payments for the entire remainder of the calendar year 1998. We recommend the County Clerk limit expense allowance payments to \$300.00 per month as prescribed by KRS 64.017.

Management's Response:

Has been corrected.

CRITTENDEN COUNTY
 DANNY BYFORD, COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 Calendar Year 1998
 (Continued)

STATE LAWS AND REGULATIONS: (Continued)

- 4) A Deficit Of \$9,524 Should Not Have Existed In The County Clerk's Official Bank Account As Of December 31, 1998
-

As of December 31, 1998, the County Clerk had a deficit of \$9,524.20 in his official bank due to his salary payments exceeding the statutory maximum by \$9,591.20 and a booked receivable of \$67.00. The County Clerk made a deposit of \$9,591.20 on April 8, 1999 from personal funds, representing a refund of his salary overpayments. A Schedule of Excess of Liabilities Over Assets is included herein on page 8.

Management's Response:

Has been corrected.

INTERNAL CONTROL - REPORTABLE CONDITIONS:

- The County Clerk Should Deposit All Receipts Intact Daily In His Official Bank Account
- Lack Of Adequate Segregation Of Duties

INTERNAL CONTROL - MATERIAL WEAKNESSES:

- The County Clerk Should Deposit All Receipts Intact Daily In His Official Bank Account
- Lack Of Adequate Segregation Of Duties

PRIOR YEAR COMMENTS AND RECOMMENDATIONS:

In the prior audit report, we recommended:

- The County Clerk Should Have A Written Agreement To Protect Deposits
- A \$4,231 Deficit Should Not Have Existed In The County Clerk's Official Bank Account
- The County Clerk Should Deposit All Receipts Intact Daily
- All Receipts Should Have Been Deposited Into An Official Bank Account Of The County Clerk's Office
- The County Clerk's Salary Should Be Paid On A Monthly Basis
- The County Clerk's Expense Allowance Should Be Paid On A Monthly Basis

Of these comments, the County Clerk corrected only one. He now has a written agreement to protect his deposits. When asked about the other prior year comments during the entrance conference, management had no response.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Victor P. Hardin, County Judge/Executive
Honorable Danny Byford, Crittenden County Clerk
Members of the Crittenden County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Crittenden County Clerk as of December 31, 1998, and have issued our report thereon dated May 10, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Crittenden County Clerk's financial statement as of December 31, 1998, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of Comments and Recommendations.

- The County Clerk Should Deposit All Receipts Intact Daily In His Official Bank Account
- The County Clerk's Salary Should Be Paid On A Monthly Basis
- The County Clerk's Expense Allowance Should Be Paid On A Monthly Basis
- A Deficit Of \$9,524 Should Not Have Existed In The County Clerk's Official Bank Account As Of December 31, 1998

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Crittenden County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statement. Reportable conditions are described in the accompanying schedule of Comments and Recommendations.

- The County Clerk Should Deposit All Receipts Intact Daily In His Official Bank Account
- Lack Of Adequate Segregation Of Duties

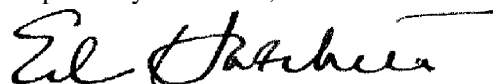
Honorable Victor P. Hardin, County Judge/Executive
Honorable Danny Byford, Crittenden County Clerk
Members of the Crittenden County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider the following to be material weaknesses.

- The County Clerk Should Deposit All Receipts Intact Daily In His Official Bank Account
- Lack Of Adequate Segregation Of Duties

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
May 10, 1999

